

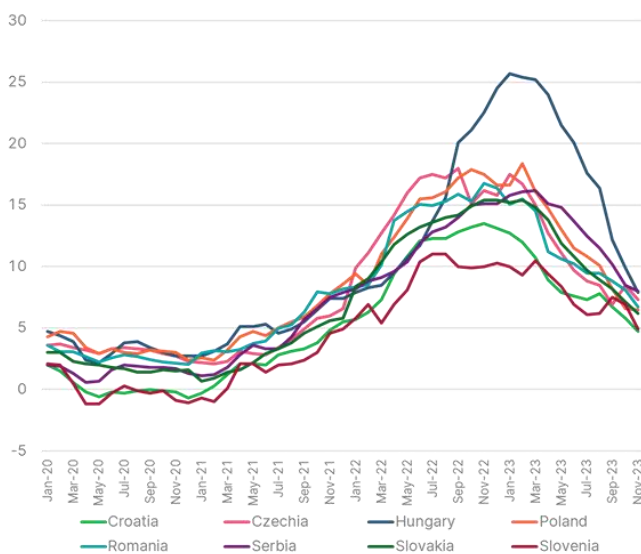
CEE MACRO AND FI DAILY

Inflation keeps falling

On the Radar

- Inflation rate in Slovakia eased to 6.2% y/y in November.
- Today, final November's inflation footprints will be released in Poland (10 AM CET) and Croatia (11 AM CET).

Headline inflation, y/y percent



Source: Erste Group Research

Economic developments

Throughout the week, the inflation footprints for November have been flowing in. In Czechia, the headline number for November landed at 7.3% y/y, but it would have been at 4% y/y if not for the effect of the Saving Tariff from October 2022. For Romania, the headline inflation surprised to the downside arriving at 6.72% y/y in November, while in Slovakia, inflation dropped to 6.2%. Today, Poland is likely to confirm the flash estimate of November's inflation at 6.5% y/y, while easing toward 4.7% y/y is expected for Croatia. Looking at developments for 2023, Hungary experienced the highest inflation rate in the whole region, exceeding even 25% at the beginning of the year. On the other hand, Slovenia and Croatia saw the mildest development in the region. The inflation rate has been falling dynamically, especially in the second half of the year. While a further downward trend is expected, it is anticipated that headline footprints will flatten over the first half of 2024 in several countries (Hungary, Poland or Slovakia for example) and fall less dynamically over the next year in general.

Market performance



Source: Erste Group Research

Market developments

As expected, the ECB Governing Council left key interest rates unchanged On Thursday. Further, the outlook was also left unchanged, essentially pointing to continued stable interest rates. During the press conference, President Lagarde gave no indication of any foreseeable interest rate cuts, despite repeated questions. Ultimately, everything will depend on the upcoming data. In particular, the Governing Council wants to wait and see how wages and profit margins develop. The long-term yields moved down visibly over the week, however. The German 10Y yields are roughly 15 basis points lower at the end of the week, while in the region the long-end of the curve is even 30 basis points lower (Hungary). As far as CEE currencies are concerned, the Hungarian forint and the Polish zloty gained throughout the week the most against the euro.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	Pre Comment
15. Dec	10:00	PL	CPI (y/y)	Nov F			6.50%	
	10:00	PL	CPI (m/m)	Nov F			0.70%	
	11:00	HR	CPI (y/y)	Nov		4.70%	5.80%	We expect confirmation of the first release
	11:00	HR	CPI (m/m)	Nov			0.50%	

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.37	-0.1	0.3
EUR/HUF	379.22	0.1	-0.5
EUR/PLN	4.31	0.2	-0.4
EUR/RON	4.97	0.0	0.1
EUR/RSD	117.03	0.0	-0.3
EUR/USD	1.10	1.1	1.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	7.00	0	-3
HUF	10.32	-7	-24
PLN	5.84	0	1
RON	6.25	0	0
RSD	5.71	0	0
EUR	3.93	1	-4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.93	-6	-11
HU 10Y	6.14	-32	-30
PL 10Y	5.11	-18	-19
RO 10Y	6.40	-16	-22
HR 10Y	3.17	-19	-21
SK 10Y	3.27	-8	-7

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